

The Impact of Employee Engagement on Organizational Performance: An Empirical Study

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Abstract

Participation by staff is frequently viewed as a potent and effective strategy to give companies a competitive edge. This study investigates how employees view the relationship between engagement and organizational performance. Organizations generally fail to increase long-term business success when they solely focus on financial performance measurements. The concept of engagement among staff members has grown in popularity in enterprises during the past few years. It alludes to a worker's level of commitment to and affinity for their employer, its principles, and its views. A motivated employee is aware of the organizational environment and works cooperatively with coworkers to improve job performance. Initiatives to increase employee engagement have a direct impact on the organization's productivity. All companies want their employees to take an active role. Customer happiness and staff engagement are linked, and these two factors are linked to a company's financial performance.

Keywords- Employee Engagement, Organizational Performance, Financial Performance, Level of Dedication, Customer Satisfaction, Accomplish, Workforce.

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Introduction

Several writers have published work on the subject of "Employee Engagement" over the past ten years. The term "engagement" noted that individuals might "use a variety of aspects of their selves - physically, intellectually, and emotionally - in work role performances." There are other ways to describe employee engagement outside just "positive attitudes and actions among staff members at work". Other terms that are widely used include psychological contract, civic engagement in organizations, and commitment. The policy and procedure ramifications of employee involvement are commonly discussed in terms like "high participation work practices" and "high performance working." Employee engagement may be the most crucial statistic for businesses in the twenty-first century.

Employee engagement is directly impacted by the company's growth, the level of value addition that employees believe has been added, and employee perceptions of the organization. According to HR experts, the engagement conundrum is significantly influenced by employee perceptions

toward their workplace and how they interact with one another within the company (Al-dalahmeh et al. 2018). It has a lot to do with emotions, which are inextricably linked to what made a business profitable. From earlier studies on strong involvement to be empowered, job motivation, dedication to organization, and trust, the idea of engagement has logically developed. The ability of employees to engage themselves is one of the fundamental elements in engagement, as is employee alignment with strategy. According to the researchers, a crucial component of the premise of employee engagement is the notion that every person can contribute to the effective running and continual improvement of organizational operations (Payambarpour and Hooi, 2015). Engagement aims to establish links between workers and their managers, coworkers, and the greater business. It entails creating an environment where staff members are motivated to want to interact with one another at work and care about doing well.

At all organizational levels, employee engagement is without a doubt a key source of competitive advantage. Employees are a major source of business wealth. Along with psychological security and psychological availability, engaged workers also report a greater sense of significance in their work. Engaged staff members can fully commit to the company and its objectives, get invested in their jobs, interact with coworkers, and work diligently to complete duties. As a result, firms benefit from the significant organizational outcomes produced by engaged people (Singh, 2019). Employee involvement can be viewed from three different perspectives: cognitively, psychically, and behaviorally. The cognitive element focuses on the perceptions and beliefs that employees have about the business, its leaders, and working conditions. A staff member's attitude toward the business as a company leader—whether it is positive or negative—represents the emotional component. The emotional perspective is influenced by the cognitive component. The behavioral element of engagement promotes the employee's willingness to exert discretionary effort at work, which benefits the organization. Employee motivation, employee satisfaction, and corporate culture are all different from employee engagement (Adekoya *et al.*, 2019). The conventional thinking held by many safety professionals in the sector muddles this distinction.

Literature Of Review

Bedarkar and Pandita (2014) said that after reviewing the results of numerous research and polls on employee engagement, there is little doubt that high levels of employee engagement will increase their commitment to and involvement in the job environment and, as a result, produce an inspired team that will work together to achieve the objectives of the organization. Hiring qualified personnel in today's dynamic economy, such as our own, is simply insufficient; much more has to be accomplished to maintain their engagement and motivation to support the company's objectives. As a result, commitment can be defined as the mental and emotional dedication a person has to their work, going above and beyond the call of duty to enhance the firm's interests.

Arshi and Rao (2019) described that employee engagement, also known as worker engagement, is a broad concept that encompasses almost all elements of human resource management. Developing strong morale among employees can be a surprising advantage. Employee participation is a measured measure of an employee's happiness in their separate occupations, working environment, and performance levels in the organization. Employee engagement is at its highest when workers are invested in, committed to, excited about, and passionate about their work. An organizational strategy called employee engagement was created to guarantee that employees were committed to the objectives and core values of their employers, inspired by the commitment to their success, and capable of boosting their sense of well-being.

Guest (2014) illustrated that many companies have realized that their personnel is their most valuable asset for competing with both internal and external organizations in their industry. Employees' needs in the modern workplace go beyond a minimum wage, which has led organizations to refocus their efforts on comprehending the motivations behind employee engagement initiatives. Since employees today anticipate having an active role in organizational operations, their work should have a greater impact on the business. Employee participation and individual-organizational agreements are crucial organizational requirements as businesses deal with challenges like the spread of globalization competitors, and creative individuals, especially as they work on recovering from the worldwide economic slump and gain a competitive edge over their rivals.

Halbesleben et al., (2009) revealed that staff engagement is a pressing problem for any company in this day and age of globalization. Organizational productivity often increases when employees are engaged. It also aids in maintaining a higher level of commitment. Employee engagement is the measure of a worker's commitment to and involvement with their organization and core values. The success of an organization is determined by the productivity of its personnel, which is increased by their commitment to their organizations. This essay will look at how crucial motivated employees are to a company's growth and success.

Crawford et al., (2010) concluded that the studies showed that employee dedication to their jobs and the business as a whole can significantly improve the performance of the healthcare organization. Additionally, by emphasizing the link between job engagement and performance, this study provides helpful insights into the fundamental causal mechanism by which job engagement in the healthcare sectors might lead to performance. The conclusion that commitment among organizations can enhance performance also advises hospital management to give its personnel commitment variables significant consideration. Additionally, hospital management should work to boost employee job engagement and dedication to the organization to improve organizational performance.

Guest (2004) reviewed that organizations now face new problems in terms of cultivating and keeping critical leadership skills in the extremely dynamic business environment as a result of

mechanization in the digital era. The most important aspect that affects an organization's performance and ultimately determines its success is its workforce. Human Resources (HR) are crucial in determining a company's culture. The current business environment challenges organizations and their HR teams to think creatively and develop cutting-edge HR practices and techniques to maintain employee motivation and improve overall organizational performance.

Yen and Nicoff (2004) said that every company works hard to increase staff productivity. To provide employees with the information and abilities they need for their roles within the firm, a proper training budget has been a crucial part of budgeting. Employee meetings are a workplace initiative that creates the ideal conditions for every association member to give every day of their best effort, and be committed to their association's goals and values, aggravated for contributing to organizational success, with a greater understanding of their well-being. However, while the organization remains active in the sector, so do its employees.

Turnipseed and Wilson (2009) described that due to its potential influence on a range of organizational outcomes, job engagement has attracted considerable attention in both study and practice. The chapter examines how work engagement and organizational commitment affect organizational performance in the IT sector. Organizational performance data served as the dependent variable in the study's questionnaire, while work engagement and dedication to the organization variables were used as independent variables. With a focus on job characteristics and work environment variables, academics have been researching the factors impacting performance in IT businesses for decades.

Objective:

To measure the impact of employee engagement on organizational performance

Methodology:

This study is descriptive in nature in which the data were obtained from the 190 respondents to examine the impact of employee engagement on organizational performance. A checklist question was used to analyze and interpret the data. In a checklist question respondents choose "Yes" or "No" for all the questions.

Data Analysis and Interpretations:

Table 1 Impact of Employee Engagement on Organizational Performance

SL No.	Impact of Employee Engagement on Organizational Performance	Yes	% Yes	No	% No	Total
1	Provide good Working environment	180	94.74	10	5.26	190

2	Provide trainings	172	90.53	18	9.47	190
3	Provide recognition	175	92.11	15	7.89	190
4	Provide compensation and benefits	183	96.32	7	3.68	190
5	Equal opportunities and fair treatment	164	86.32	26	13.68	190
6	Health and safety	169	88.95	21	11.05	190
7	Family friendliness	178	93.68	12	6.32	190
8	Career development opportunities	161	84.74	29	15.26	190

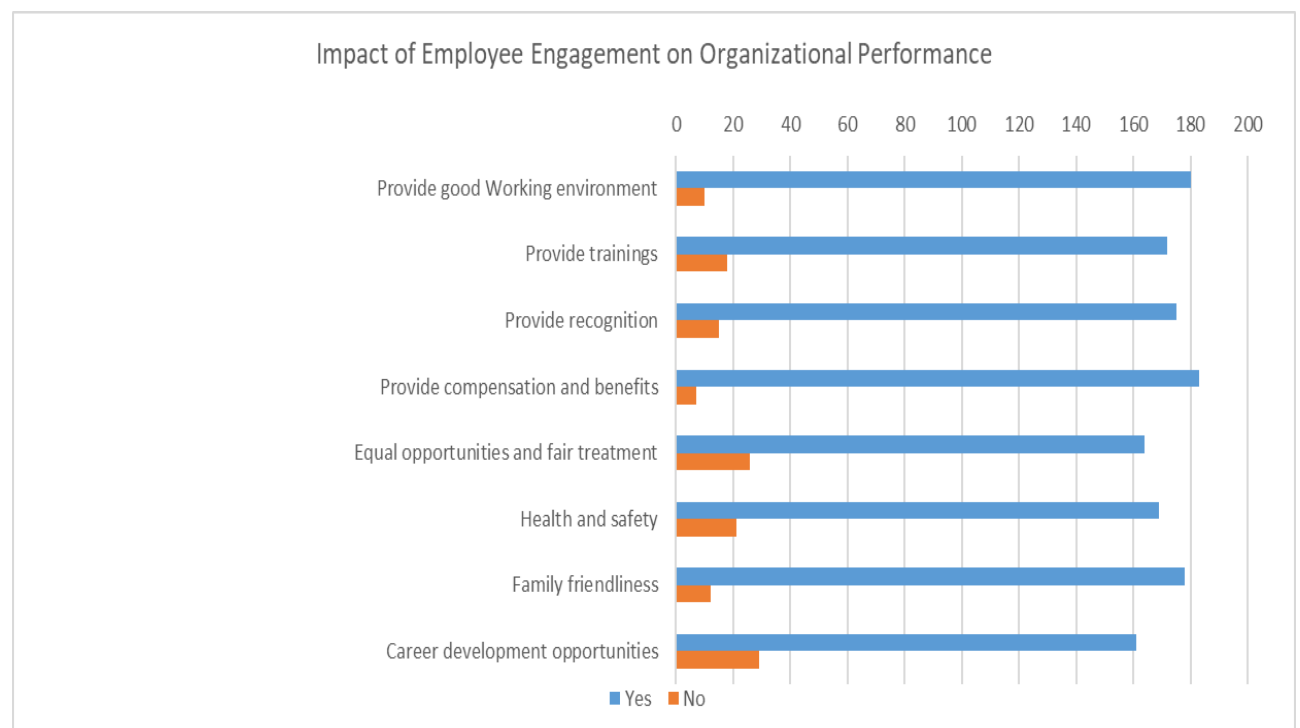


Figure 1 Impact of Employee Engagement on Organizational Performance

Table 1 and Figure 1 show the impact of employee engagement on organizational performance. It was found that around 96.3% respondents believe that providing compensation and benefits to employees has a great impact on employee engagement, providing good working environment (94.7%), Family friendliness (93.6%), Provide recognition (92.1%), Provide trainings (90.5%),

Health and safety (88.9%), Equal opportunities and fair treatment (86.3%) and Career development opportunities (84.7%).

Conclusion

It may be concluded that when efficiency is measured using the BSC, worker involvement has a considerable favorable impact on organizational performance. Businesses are recommended to create an environment that allows for employee engagement by providing employees with the management backing they require to enhance their positive outlook on life, which has been defined by vigor, resolve, and absorption. Through training, constructive criticism, and other methods, managers, and coworkers should provide social support to their employees. Organizational support comprises providing the equipment necessary to complete the task successfully. Open communication and receptivity to new perspectives are two trust-building habits that can support the development of a positive workplace culture. Managers can encourage their workers to take initiative by providing motivating and inspiring tools in working environments that engage people.

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